

PUBLIC SERVICE COMMISSION OF WISCONSIN

Minutes and Informal Instructions of the Open Meeting of Monday, December 12, 2005

The Public Service Commission of Wisconsin (Commission) met as noticed. Present were Chairperson Ebert and Commissioner Meyer.

Minutes

The Commission approved the minutes of the Open Meetings of Wednesday, November 23, 2005; Thursday, December 1, 2005 and Monday, December 5, 2005.

6630-CE-296 – Application of Wisconsin Electric Power Company for Authority to Replace the High Temperature Superheater on Unit 1 at the Pleasant Prairie Power Plant in the Village of Pleasant Prairie, Kenosha County

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

6690-SB-126 – Application of Wisconsin Public Service Corporation for Authority to Issue Long-Term Indebtedness Not to Exceed \$172,000,000 Principal Amount

The Commission approved the Notice to Reopen and Second Supplemental Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

3270-UR-114 – Application of Madison Gas and Electric Company for Authority to Change Electric and Natural Gas Rates

The Commission approved the Final Decision and directed it be signed by the Secretary to the Commission on behalf of the Commission.

6690-AU-109 – Application for Approval of an Operating Agreement Between Wisconsin Public Service Corporation, WPS Resources Corporation, and WPS Investments, LLC

The Commission approved the Final Decision and directed it be signed by the Secretary to the Commission on behalf of the Commission.

5-GF-115 – Certification and Registration of Renewable Energy Facilities Pursuant to Wis. Admin. Code § PSC 118.05

Approval of Expenses and Cost Allocation for Renewable Resource Credit Administrator for FY 2006

The Commission approved the expenses submitted by Clean Power Markets for administering the renewable Resource Credit Program.

The Commission authorized staff to bill all Wisconsin electric providers using the allocation method approved on June 26, 2003.

The Commission directed the Gas and Energy Division to draft an order consistent with this decision.

FERC Docket EL06-20 – WPS Companies' Complaint Against Midwest Independent Transmission System Operator, Inc., et al. Regarding Abandonment of Joint and Common Market Under EL06-20

The Commission approved the Notice of Intervention and Comments and directed they be signed by the Secretary to the Commission on behalf of the Commission.

The Commission directed the Secretary to file the Notice of Intervention and Comments with the Federal Energy Regulatory Commission.

6690-UR-117 – Application of Wisconsin Public Service Corporation for Authority to Adjust Electric and Natural Gas Rates

The Commission discussed the record in this docket and made the following determinations:

Kewaunee Nuclear Power Plant (KNPP)

1. It is reasonable to allocate the refund of the non-qualified decommissioning trust fund monies to the jurisdictions using a historical jurisdiction allocation factor and to amortize the refund over a time period not to exceed two years.
2. It is reasonable to amortize vendor credits and steam generator mitigation deferrals over a period of one year.
3. It is reasonable to allow recovery of 50 percent of the net loss on the sale of the KNPP over a period of three years.

4. It is reasonable to deny the recovery of the purchased power and O&M deferred costs associated with the 2004 extended outage.
5. It is reasonable to allow recovery of costs related to the 2005 outage over a period of five years with carrying costs at the short-term debt rate.

Financial Issues

1. A reasonable long-term range for common equity in the Wisconsin Public Service Corporation's financial capital structure is 50 to 55 percent.
2. An appropriate target level for the test year average common equity measured on a financial basis is 52.5 percent.
3. The appropriate return on equity is 11 percent.

Rate Issues

1. It is reasonable to support an electric rate design to increase residential rates slightly below average, industrial rates about average or slightly above average and commercial rates above average.
2. It is reasonable to keep residential fixed charges at \$9.50 and increase large and super-large demand charges by 35 to 45 percent in regard to natural gas distribution service revenue allocation and rate design.

The Commission directed staff to prepare a final order that should be brought back to the Open Meeting for final review and approval by the Commission.

Christy L. Zehner
Secretary to the Commission